



Senate

General Assembly

January Session, 2011

File No. 433

Senate Bill No. 1173

Senate, April 6, 2011

The Committee on Commerce reported through SEN. LEBEAU of the 3rd Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING QUALIFIED PRIVATE INVESTMENTS FOR CONNECTICUT INNOVATIONS, INCORPORATED'S PRESEED PROGRAM.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 32-41x of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) There is established an account to be known as the "preseed
4 financing account" which shall be a separate, nonlapsing account
5 within the General Fund. The account shall contain any moneys
6 required by law to be deposited in the account. Moneys in the account
7 shall be expended by Connecticut Innovations, Incorporated, for the
8 purposes of providing preseed financing pursuant to the program
9 established in subsection (b) of this section.

10 (b) Connecticut Innovations, Incorporated, shall establish a program
11 to provide preseed financing for Connecticut businesses, which shall
12 include, but not be limited to, financial assistance for the development

13 of proof of concepts and support services. Financial assistance shall not
14 exceed one hundred fifty thousand dollars per eligible business. An
15 eligible business shall (1) be principally located in Connecticut, (2)
16 have not less than seventy-five per cent of its employees working in
17 Connecticut, and (3) demonstrate private investment dollars of not less
18 than fifty cents for every dollar of financial assistance sought from the
19 program established pursuant to this section. For the purposes of this
20 subsection, "private investment dollars" shall include funds from a
21 public institution of higher education, except those funds derived from
22 state appropriations or student tuition and fees, that are used to assist
23 in the commercialization of technology owned by a public university.

24 (c) The corporation may enter into an agreement, pursuant to
25 chapter 55a, with a nonprofit corporation providing services and
26 resources to entrepreneurs and businesses to operate such program.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	32-41x

CE *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 12 \$	FY 13 \$
CT Innovations Inc. (quasi-public) - Preseed Financing Account	GF - Potential Cost	Up to 750,000	Up to 750,000

Note: GF=General Fund

Municipal Impact: None

Explanation

This bill may result in a cost to the Preseed Finance Account within the General Fund.¹ The bill specifies that private investment dollars, as required by preseed financing program, can include certain funding sources at public institutions of higher education. This modification will allow Connecticut Innovations, Incorporated (CII) to extend the program to businesses affiliated with the state's public universities.

Each approved business may receive funding of up to \$150,000 from CII. If CII approves five new businesses under the program, the resulting cost to the preseed program could be up to \$750,000.

Background

As of February 2011, CII has committed funding totaling more than \$1 million to seven startup technology companies through the preseed program.

The Out Years

The annualized ongoing fiscal impact identified above would

¹ The Preseed Financing Account is a separate nonlapsing account within the General Fund. P.A. 10-75 authorized \$5 million in general obligation bonds to fund the preseed program. Proceeds from those bonds are deposited into the Account.

continue into the future subject to inflation.

OLR Bill Analysis**SB 1173*****AN ACT CONCERNING QUALIFIED PRIVATE INVESTMENTS FOR CONNECTICUT INNOVATIONS, INCORPORATED'S PRESEED PROGRAM.*****SUMMARY:**

By law, Connecticut Innovations, Inc. (CII) must create a program to provide eligible Connecticut businesses with up to \$150,000 in financial assistance for developing new concepts and support services. Qualifying businesses must be principally located in the state, have at least 75% of their employees work here, and show that they received private investments equaling at least half the state funds they seek. The bill specifies that "private investments" include funds from a public institution of higher education that are (1) not state-appropriated funds or funds from student tuition and fees and (2) used to help commercialize university-owned technology.

EFFECTIVE DATE: Upon passage

BACKGROUND***CII Preseed Financing Program***

PA 10-75 authorized \$5 million in general obligation bonds to provide preseed funding pursuant to the program described above, and established a nonlapsing General Fund account to receive the bond proceeds. The act allowed CII to run the program itself or through a nonprofit corporation providing services and resources to entrepreneurs and businesses. If CII chooses the latter, it must enter into a personal services agreement with the corporation.

Related Bill

sHB 6525, reported favorably by the Commerce Committee, includes an identical provision.

COMMITTEE ACTION

Commerce Committee

Joint Favorable

Yea 18 Nay 1 (03/22/2011)